

July 6, 2006

Stella Ononiwu
New Jersey Department of Environmental Protection
Bureau of Air Quality Planning
401 East State Street
P.O.BOX 418
Trenton, NJ 08625

Re: NA008-Variable Registration Fees for Boat Engines

Dear Stella;

The National Marine Manufacturers Association (NMMA) and the Marine Trades Association of New Jersey (MTA/NJ) are writing to express serious concern and opposition to the proposed control measure: NA008- Variable Registration Fee for Boat Engines as recommended by The Reasonable Available Control Measures Analysis.

As you know, the NMMA and MTA/NJ were active participants in the non-automobile gasoline engine workgroup and supported the voluntary measures that were recommended by the workgroup. However, this tax measure was never discussed during our workgroup meetings and we urge you to take a closer look at the negative effects this fee would pose to New Jersey's recreational boating and tourism industries.

First, it is a false premise to think that an increase in the registration fee for a recreational boat will encourage boaters to spend additional money to purchase new engines. Rather, when a government takes discretionary money out of the economy through taxation, it is a regressive tax which has the compounding effect of reducing overall tax revenue from those businesses that depend on these discretionary dollars. The U.S. government learned this hard lesson during the Federal Luxury Tax in the early 1990's. Recreational boating operates with a 2 to 1 elasticity curve. For every one discretionary boating dollar that is removed from New Jersey's economy, the New Jersey marine industry will lose two dollars.

In 2004, New Jersey consumers spent approximately \$450 million just on boats, engines and marine accessories. These discretionary dollars are not some abstract statistic. They are New Jersey jobs. Real jobs that generate tax revenue for the state.

Second, it is clear that in addition to providing no environmental benefit, this proposal will levy an unintended impact on New Jersey's tourism economy. It is a regressive tax that would not only have a negative economic impact on New Jersey's \$450 million

marine industry but would have an even greater impact on the summer tourism economy from Sandy Hook to Cape May. If the NJDEP decides to tax or remove a certain amount of discretionary boating dollars out of the New Jersey economy, they also need to factor in the loss of tax revenue from jobs that will be eliminated from the ensuing "ripple effect" at marinas, fuel stations, restaurants, hotels, etc. Consider all those boaters who will not be coming to the Jersey shore to spend their money.

As outlined in our previous letter, NMMA and MTA/NJ strongly support the voluntary measures that were recommended by our workgroup and we are willing and able to work with the NJDEP to assist in promoting the sale of new technology engines through education and outreach efforts.

If the NJDEP has any serious consideration of moving forward with this proposal, it is absolutely imperative that more discussion take place with the affected New Jersey marine businesses and the New Jersey travel and tourism industry. Please feel free to contact us if you have any questions.

Sincerely

A handwritten signature in cursive script that reads "John McKnight".

John McKnight, Director
Environmental & Safety Compliance

A handwritten signature in cursive script that reads "Melissa Danko".

Melissa Danko, Executive Director
Marine Trades Association of NJ